

PUBLIC ACCESS ROOM

A division of the Legislative Reference Bureau

N E W S L E T T E R

Hawaii State Capitol ♦ 415 South Beretania Street ♦ Room 401 ♦ Honolulu, Hawaii 96813

Phone: (808) 587-0478 ♦ Fax: (808) 587-0793 ♦ URL: www.hawaii.gov/lrb/par**Legislative
Timetable****January**

19th Opening Day.
 21st Non-Administrative Bill
 Package Cutoff.
 24th State-of-the-State Address &
 Administrative Bill Package Cutoff.
 27th Last day for introduction of
 bills.
 31st Grants/Subsidies Cutoff.

February

18th First Lateral.
 21st Holiday - Presidents' Day.
 24th - March 2nd Mandatory 5-Day
 Recess.

March

4th First Decking - last day to file
 non-budget bills.
 10th First Crossover.
 16th Last day to introduce
 substantive resolutions.
 22nd Budget Decking.
 24th Budget Crossover/Second
 Lateral.
 25th Holiday - Kuhio Day &
 Good Friday.

April

8th Second Decking - last day to
 file bills in non-originating body.
 14th Second Crossover - last day to
 disagree.
 15th First Crossover for Concurrent
 Resolutions.
 22nd Deadline for final form of
 constitutional amendments.
 25th Second Crossover for
 Concurrent Resolutions.
 28th Last day to file non-fiscal bills
 to deck for Final Reading.
 29th Last day to file fiscal bills to
 deck for Final Reading.

May

5th Adjournment Sine Die.

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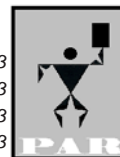
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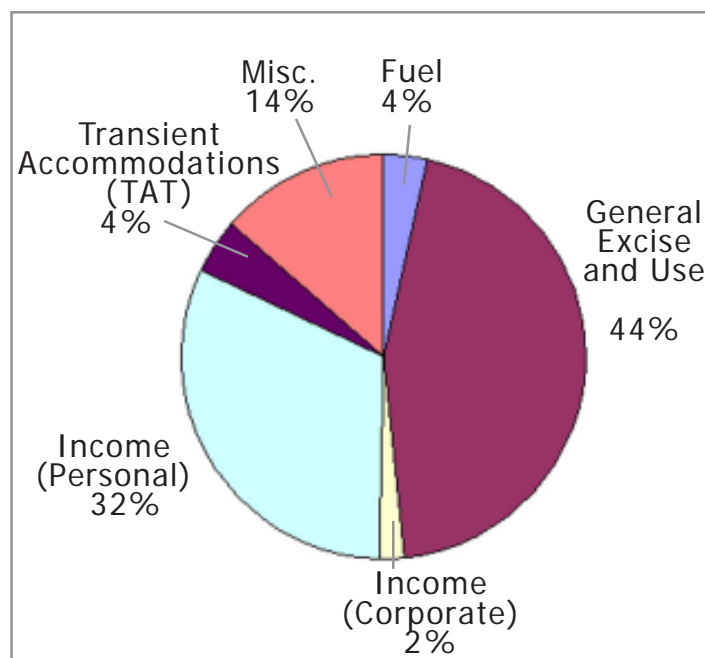
"Is it possible to understand the State Budget?"

Some facts and FAQs on where your state tax money goes and how it's spent.

First, let's begin by saying that this article is either going to *inform* you about where your state tax dollars go, or leave you just as *confused* as you were before opening this newsletter. It's a complex topic and this is just a brief overview. But we hope it helps. In future newsletters we'll go into greater detail about specific parts of the budget process.

Where does the money come from?

Before we can spend money, we must collect it. The state's revenues come from varying resources. Most of the income is from the collection of state taxes. According to the State Department of Taxation (DOTAX), during the



fiscal year of 2003-2004, the State collected over \$3.175 billion in taxes.

The General Excise Tax (GET) accounts for approximately 44% of the state's revenue. The GET is added to virtually every financial transaction within the state. This is the 4.166% you see added to your grocery, clothing and restaurant bills, among other purchases.

State Income Tax (personal and corporate) accounts for another 34% of revenues. The Transient Accommodations Tax (TAT) and the Fuel Tax add another 8%.
 (continued on page 2)

This just in from our humor department: "I have enough money to last me the rest of my life, unless I buy something." Jackie Mason

All these account for approximately 86% of State revenues. Inheritance and estate taxes, liquor taxes, public service company taxes, tobacco taxes, franchise taxes, motor vehicle taxes, hospital and nursing home taxes, and a number of fees, licenses, rentals, fines, forfeitures, and interest receipts account for the other 14% of state revenues.

Who decides how much money the State has to spend?



The government buys goods and services with money it doesn't have...yet (like we sometimes do with our own checking accounts). The State Budget is based on *projected* revenues. **The Multi-Year Program and Financial Plan (PFP)** provides background information on the economy with projections of proposed spending over six years. The PFP is prepared for submission in odd years. The figures for the first two years of the PFP constitute the proposed **Executive Budget** for the following fiscal year. This is what was used during the 2005 regular session in putting together HB100 RELATING TO THE STATE BUDGET. A **Supplemental Budget** is submitted in even numbered years to complement the Executive Budget passed the previous year.

Being that these figures are based upon projected revenues, you might wonder if there is some financial magical crystal ball out there that the public is not privy to. Sorry to say that is not the case. The task of being a financial soothsayer for the State falls upon the **Council of Revenues**. The Council of Revenues consists of seven unpaid members chosen by the Governor (3 appointments), and the Senate President and Speaker of the House (each with 2 appointments). By law, the Governor and the Legislature are required to use the projections given by the Council in formulating the State Budget. However, the law does allow the Governor or the Legislature to ignore the Council's projections and use their own calculations, but they must state publicly why they intend to do so.

How are the funds distributed?

Revenues collected by the State go into various funds. The State's General Fund receives most of this money (84% according to DOTAX during FY 2003-2004). The General Fund is the primary source for the State Operating Budget, which funds the administration of the state government and various programs adopted by the legislature.

The rest is distributed among a vast array of Special Funds, which are funds set up for very specific purposes (for instance, the beverage container law), and the Revolving and Trust Funds. Revolving Funds can be started with seed money from the General Fund, but are meant to replenish themselves through charges to a specific group of users (for instance, UH community college and UH Hilo bookstore revenues). Trust Funds benefit designated persons or groups who hold beneficial interest in the money. An example is the Hawaii Employers-Union Trust Benefits Fund.

If you're still with us, you either have a glazed look or you have come away with a bit more understanding of the relationship between state revenues and what they pay for (or both!). In future newsletters we'll go into more detail. Meanwhile, thanks for being with us through this legislative session, enjoy the interim and use it well, and stay in touch. We'll be open 9-5 Monday through Friday during the interim, and other hours by appointment.

It's the Interim – Get to Work!?



o, *adjournment sine die*. For better or worse, the 2005 session is *pau*. Your measure didn't go through as you'd hoped, and now there's no chance of any last minute re-referrals, a change of mind on the part of a key legislator, or a truly imaginative conference committee draft. Time to give up? Go home and wait until it's revived January 2006?

Not a chance. After reacquainting yourself with life outside the legislative realm (say hello to your family and friends!), there's plenty to do to better your chances of success in the 2006 session. While it's true that a lot of the activity takes place during session, there's much that can be done to lay the groundwork so that next January, you've got a good game plan in mind. Here are a few items you may want to add to your 'to do' list.

Interim To Do List

- Make notes now – while session's still fresh in your mind.

As much as you may want to put it behind you, debrief now. Sit down with pen and paper (or at the keyboard), and your colleagues, and put it all down. Do a thorough review – what could have gone better? What worked well? What ideas did you have that you just didn't have the time or the resources to follow through on? What potential supporters did you identify? What challenges to your position or proposal were you ill-equipped to counter? What research did you wish you had? What new proposals sounded intriguing? What would you like to tell someone trying to do the same thing next year? What do you know now that you wish you had known at session start?

➤ *Write it all down. Now. While it's still 'top of mind.'*



- Learn something new.

There's a wealth of resources out there – tap into them. Want to get to know the Legislature's website really well so you can stay on top of the measures introduced and session activity? If so, make an appointment with us in the Public Access Room – we'll be happy to walk you through it. Need to find an expert in a specific area? Start making phone calls, visit the library, talk with colleagues. Do some good old fashioned research and make yourself more of an expert. Need some good visuals to get your point across? Better public speaking skills? Envious of colleagues entering notes into their hand-helds during committee hearings?

➤ *The interim's the perfect time to learn — anything from new software programs to how to set up an action alert network. Haven't you ever thought of joining Toastmasters?*

- Sketch out your game plan, and network.

Based on what you've learned this session, what's your game plan for being more successful next year? Set up meetings with legislators during the interim to get their advice, educate them, and communicate your concerns. Is there a legislator who'll help you get a bill drafted that effectively presents your proposal? What do others involved in the field have planned for their next session priorities? What key individuals would you like to involve in your efforts? Can you divide up the research and outreach tasks? Do you have a plan for stimulating testimony and getting the word out in support of your measure? What upcoming meetings and events can you use as natural networking opportunities?

➤ *Map out a tentative time line showing key 'to do' items – and then schedule a follow-up review to evaluate how things are progressing.*

And remember, you can use the Public Access Room during the interim — the computers, convenient work space, and helpful staff are all here to assist you. PAR is open year-round, and we want to help you make the most of the interim – after all, we're your office at the Capitol.



Adjournment sine die!



Come celebrate, commiserate, talk story, and otherwise
bid *aloha* to the 2005 regular session!

Potluck Party – 4:00 pm on Thursday (5/5/5)

Public Access Room

Hawaii State Capitol, Room 401

No need to RSVP—just show up! Heavy pupus.

Call 587-0478 with any questions.